

November 26, 2013

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FILED
2013 NOV 27 / AM 11:52
U.S. BANKRUPTCY COURT
E.D. MICHIGAN - DETROIT

The Honorable Steven W. Rhodes
U.S. Bankruptcy Court for the Eastern District of Michigan
211 W. Fort St., Suite 1800
Detroit, MI 48226

regarding case #13-53846

Dear Judge Rhodes:

Enclosed are several articles, a report, etc concerning Detroit's bankruptcy filing.

It should be noted that Rick Synder could have helped the City financially by paying the City the \$220 million Michigan owes Detroit for lowering the City's income taxes but has instead chosen to push the city toward bankruptcy. The Governor cut revenue sharing to all the states' cities but this hit Detroit particularly hard. Other cities had millage increases or laid off police/fire. Detroit can't really do either of these. His emergency manager is in direct violation of the will of the people of Michigan.

The City has employed me since 1998. In my opinion Dennis Archer, Kwame Kilpatrick, and Dave Bing have all been terrible mayors. Archer presided over the disastrous (both financially and functionally) DRMS financial computer system (which I was told Kevyn Orr's people strongly dislike), helped John Engler get control of Detroit's public schools (and the \$1.5 billion bond for new schools; poor schools are still a main cause of people leaving Detroit), was hostile to the wonderful consumer advocate Esther Shapiro (who headed the Consumer Affairs Dept.) and publicly said that he opposed the casinos while I believe that he actually supported them (since he tried to get them on the riverfront). The public knows about Kilpatrick's corruption. What isn't generally known is how poorly he managed the city. I knew two capable, good mid level managers that retired because of his appointments of department directors. He laid off 68% of the IT departments programmers, database administrators, and other college level IT positions because of a 20% budget deficit. Kilpatrick appointed Derrick Miller as head of the IT department who was totally unqualified and now I believe in jail. An HR person told us that Kilpatrick got rid of proper promotion procedures and started promoting unqualified people in the HR department. Dave Bing claimed that as a business man he could fix the City. After 4 years, he appears unable to fix a department other than to outsource it. I believe that he didn't want to fix them. Then he wouldn't have an excuse to outsource them. Under Bing, the IT department has continued running in the condition that Kilpatrick left it in, i.e. a rudderless ship. Bing was on DTE's board of directors. DTE appears to be the main beneficiary of Bing's term in office. I believe that DTE was given or sold the City's Minersky (sp?) power plant. DTE was awarded a multi-million dollar contract to work on City street lights (I'm sorry that I don't have time to dig the contract up), and DTE will be awarded the contract by the new regional lighting authority which will light half the City. Bing appointed DTE's Chris Brown to run the City. Chris Brown wasn't qualified for this position. One

has to wonder if Bing owns stock in DTE. Regarding Bing's privatization mania I believe Mike Duggan is correct. A private company is out to make a profit and it's a poorly run government that can't do the job for less. When the unions found a way to save the city \$60 million/year on health care costs Dave Bing wasn't interested.

This all leads me to my next point. The City's form of government, i.e. strong mayor and weak council, is a poor form of government for a large City. I regularly attend the meetings of the mayor and council in the city that I live in, Madison Heights. With a more even distribution of power between the mayor and council and having a permanent city manager, Madison Heights functions much better than Detroit. A high up in Sterling Heights government told me that if a city doesn't have a city manager, it's "screwed". Since I have been with Detroit, each mayor has treated the Council as an unwanted step child. The Council's have to pass resolutions to get basic financial data from the mayors. The mayor's power to appoint department heads when they come into office made it especially easy for Kilpatrick to loot the City.

What business can run by changing it's directors every 4-8 years, irregardless of performance? I doubt that the IT directors barely new what I did as a programmer (This may explain why in 2006 when I was laid off from ITS and bumped back into the water department the IT department had to keep borrowing me from the water department until about 2011 to do my old job.). Each IT director that I observed was more worried about making a self serving mayor happy than trying to improve the City (e.g. Archer and DRMS, Kilpatrick and several suspicious IT contracts, Bing and outsourcing payroll and several suspicious IT contracts). Often, the department heads aren't even qualified. They are just political hacks.

I and Charter Commissioner Davis submitted to the Detroit Charter Commission the need for a permanent city manager but unfortunately the Commission didn't adopt our suggestion. I also submitted other resolutions to the Charter Commission to strengthen the City Council (all rejected).

One suggestion to the Charter Commission that I and another person made was for the City to start a non profit auto insurance company. This was adopted by the Commission. To my knowledge, the Bing administration didn't act on it. The ridiculously high auto insurance rates in Detroit are another reason that Detroit loses population.

Enclosed is an article on the City's assessors. In addition to what it talks about, a city assessor that I know claims that the BSA software that the city adopted a few years ago is a major problem and the wrong people have been promoted in that department. She said that the City will never be in good shape financially until it stops giving out too many tax abatements. JoAnn Watson has complained for years about the little that GM and other companies pay in property taxes.

Enclosed also is a Michigan Citizen time line to bankruptcy. It's reasonably accurate except that when Synder moved to impose an EM on the City, the Council went to court to stop him. Bing said that he opposed an EM but didn't support the legal action by Council. **The Financial Advisory Board had come up with an economic plan for the City** (including the State helping the City collect income taxes) but Synder didn't give the plan time to work (this adds to my opening comments regarding him).

Enclosed also is helpful report from demos.org, Diane Bukowski's report on the Pension Obligation Certificates (pg 2), two articles by JoAnn Watson, a statement from Kystal Crittendon when she ran for mayor, and other articles.

Among other things of interest, Crittendon's statement mentions that the State approved the new charter. I wonder if the State was aware of all the suggestions to the Charter Commission.

The article from the Detroit News entitled "Michigan among states with worst housing losses in recession" illustrates the devastating effect (40.7%) decline in home values that Detroit has suffered, partly caused by the some of the very same banks that Kevyn Orr is attempting to protect.

What I would like to see for the City is the mayor weakened, the council strengthened (being able to go out and talk to employees or bring them in to address council are some helpful ideas), and a permanent city manager who would appoint permanent department heads. A study should be commissioned of other cities to find the best way to have a permanent city manager who is free to do the job but not get too strong or be too independent of elected officials. The city needs to get the assessors department functioning efficiently and stop giving out too much in tax abatements. Regarding income taxes, the state should pay the City what the State owes it and help collect income taxes (Kevyn Orr has said as much in "Detroit gets no help from state in collecting city taxes", page 2, enclosed). Bankruptcy or no, the lack of jobs for city residents due to federal trade policies, racism, etc may be too great to overcome but I like our chances with Mike Duggan better than Kevyn Orr. Orr and his tens of millions of dollars being spent on outside consultants needs to be sent packing.

Thank you for your attention.

Sincerely,

A handwritten signature in cursive script that reads "Jim Capizzo".

Jim Capizzo

Senior programmer/analyst
Detroit Water Dept.